

European Infrastructure Funds

2023 Report

The Geneva UN Charter Centre of Excellence on sustainable finance for infrastructure and smart cities (ExSUF) has been set up by UNECE and LIUC – Cattaneo University in 2021 to advance sustainable finance for infrastructure and smart cities, in order to accelerate action to achieve the Sustainable Development Goals (SDGs), in particular SDG 11 on sustainable cities and human settlements.

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The report uses our proprietary database⁽¹⁾ focused on **infrastructure funds**.

These players are defined at the European level as *“an operator that acquires controlling interests in infrastructure, often related to transportation and communication systems, water and energy facilities, and public institutions, including schools and nursing homes”* (Invest Europe).

The database is based entirely on public sources, such as the classifications collected by national trade associations or other databases, integrated by the analysis of each operator's web portal and any publicly available documents.

The database detects:

- I. infrastructure operators headquartered in Italy, France, the United Kingdom, Spain and Germany, further divided into domestic and pan-European operators depending on whether they operate exclusively in their headquarters countries or also in other countries.
- II. infrastructure operators headquartered in other countries but actively investing within the EU (i.e. holding in their portfolio assets based in these countries).
- III. operator typology, including the interest in Public-Private Partnership (PPP) transactions when it comes to investment strategy, asset class strategy, median Asset Under Management (AUM), investment technical form and characteristics (information available through trade associations, databases or declared directly by the operator on its web portal).
- IV. number of active portfolio investments at the analysis date, investment industries⁽¹⁾ and geographical markets they cover.

(1) Defined according to the classifications of EDC (European database for the collection of data on private capital promoted by Invest Europe and the main European trade associations).

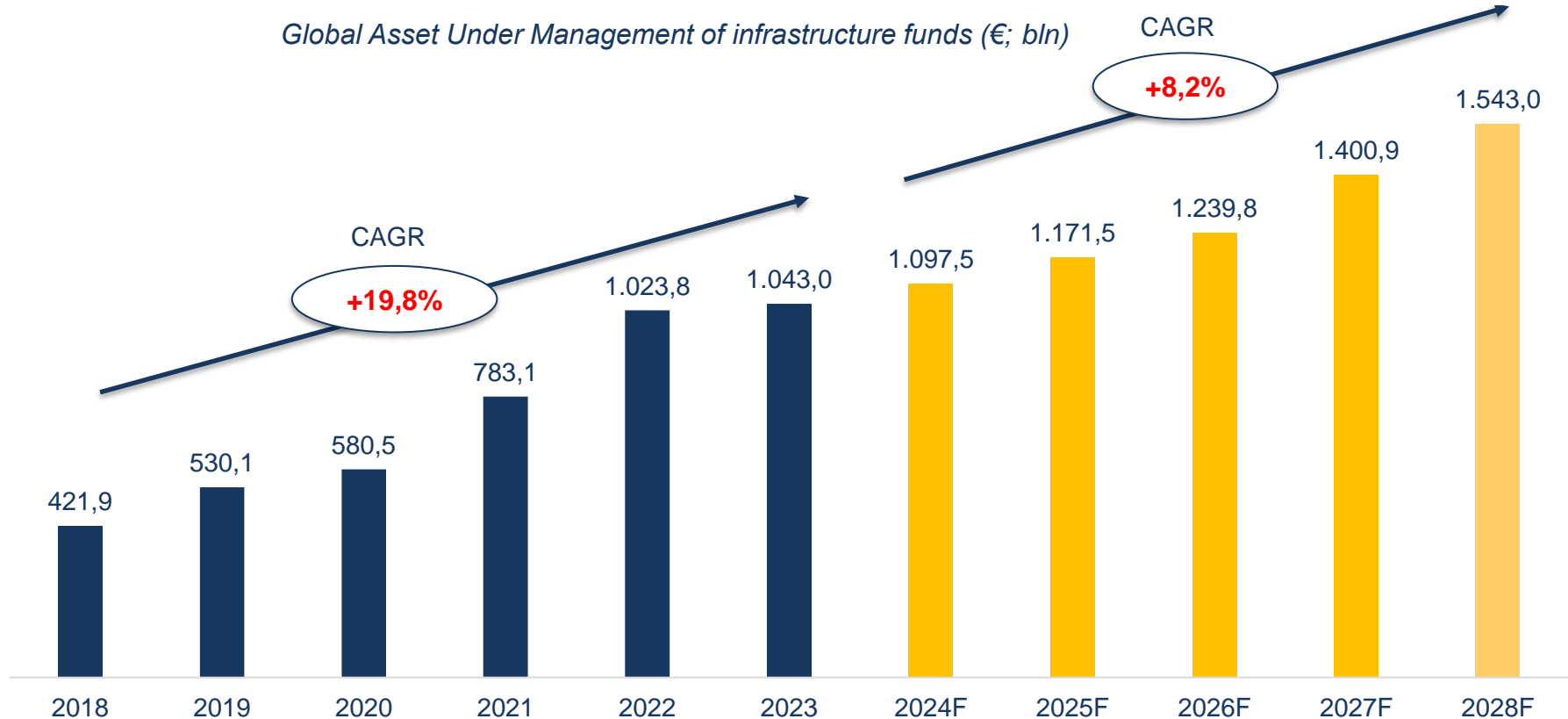
The report is at its third edition and has been constantly updated according to publicly available information. Thereafter the evolution of the database is specified as follows:

# identified GPs	149	189	212
# of total investments ^(*)	2.946	3.691	3.869
	2021	2022	2023

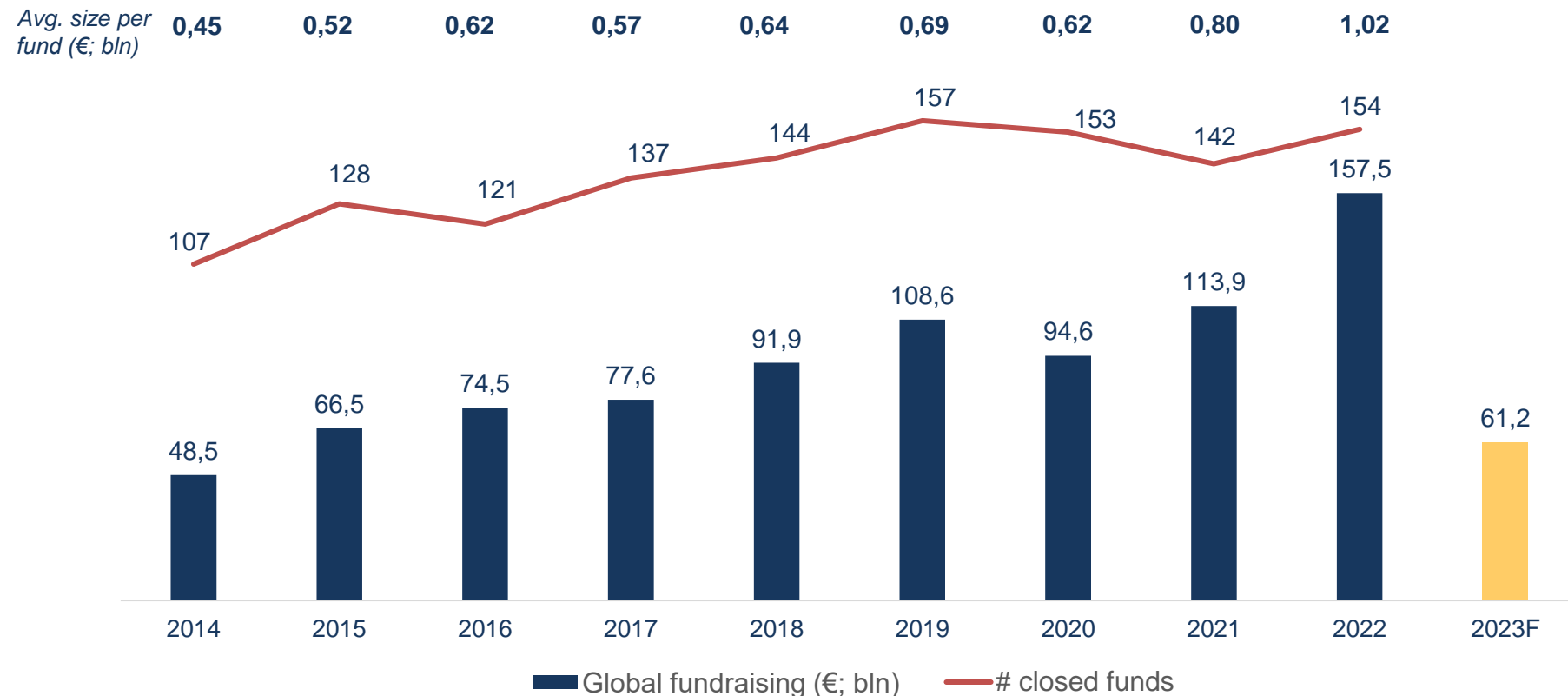
(*) The composition of current portfolio has been notably shaped by the increase in GPs, and it also incorporates the divestments carried out in 2023.

Steady growth of asset under management over the last years and strong forecast for the future

Global Asset Under Management of infrastructure funds (€; bln)

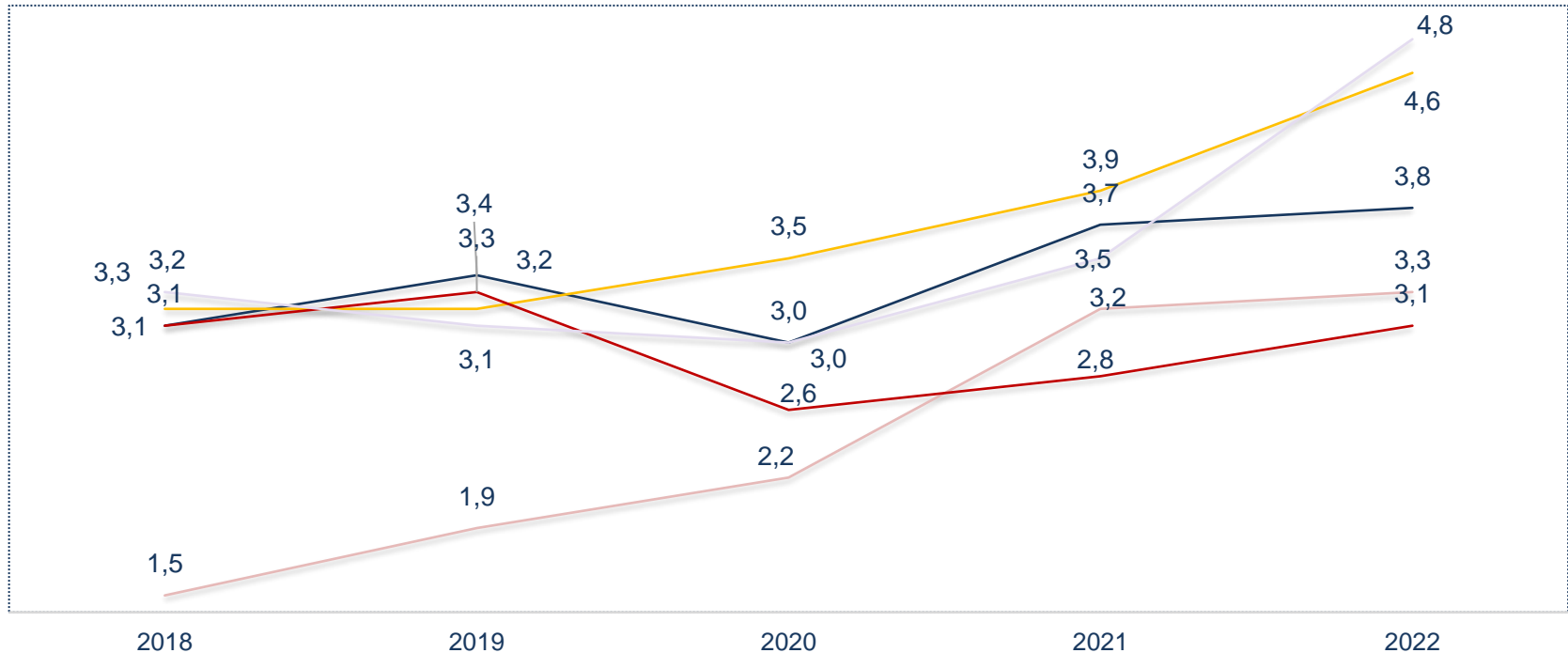


Fundraising slowed in 2023 like in other private markets, but it is expected to rise again from 2024



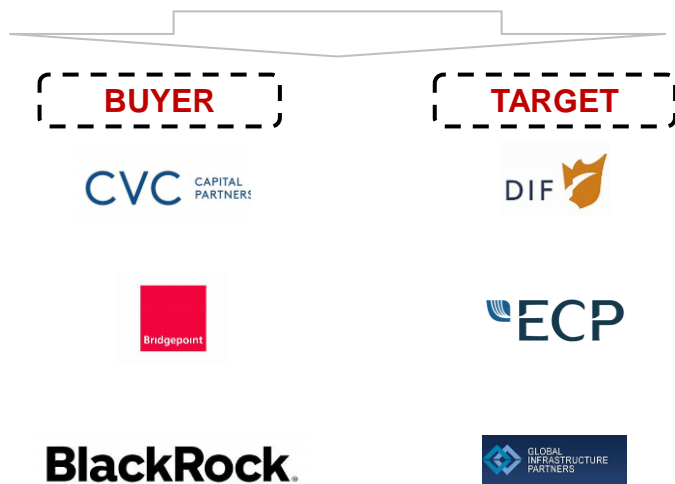
Growing exposure of Limited Partners (LPs) in the asset class contributed to the slowdown in fundraising

— Private pension fund — Public pension fund — Insurance company — Foundation/endowment — Sovereign wealth fund


















Driven by the energy and digital transitions, the infrastructure market is expected to experience a strong growth

- The market is characterized by a few large players of significant size, who have consolidated expertise and superior fundraising capabilities (9 GPs are in the top 10 list for capital raised both in 2022 and 2023)
- The industry is showing a wave of M&A deals realized by **traditional Private Equity fund managers**, who **are acquiring specialized infrastructure platforms**, to consolidate and complement their current strategies



At a global level, largest General Partners (GPs) are based in North America and Australia

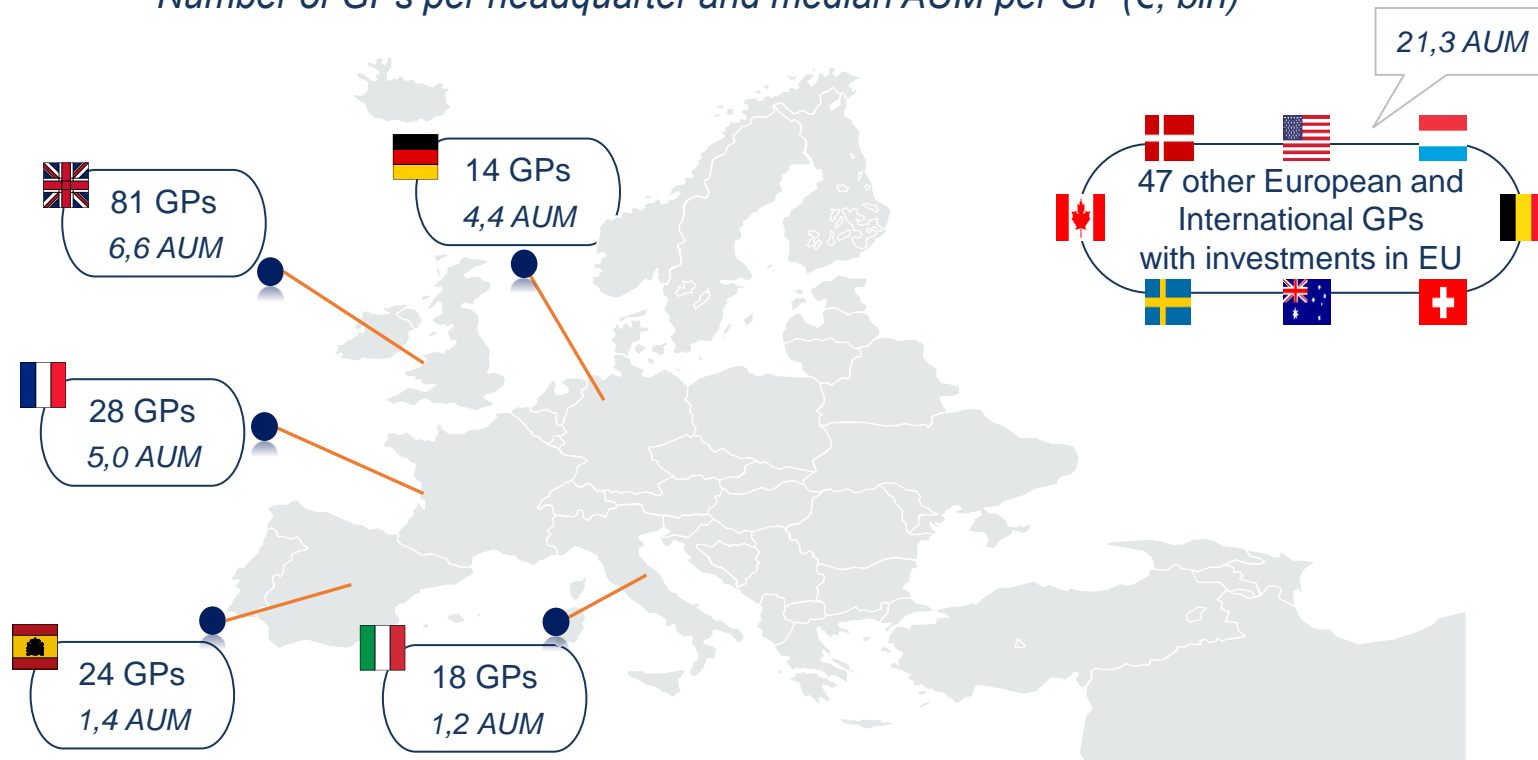
GP	AUM per infrastructure (€; bln)	Headquarter
Brookfield	177	
MACQUARIE (1)	170	
BlackRock GLOBAL INFRASTRUCTURE PARTNERS (2)	139	
DIGITALBRIDGE	74	
IFM Investors	69	
STONEPEAK INFRASTRUCTURE PARTNERS	57	
KKR	45	
IEQT	43	
Blackstone	38	
ISQUARED CAPITAL	35	
ANTIN INFRASTRUCTURE PARTNERS	31	
ARDIAN	29	
Bridgepoint ECP (2)	19	
CVC CAPITAL PARTNERS DIF (2)	16	
CIP Copenhagen Infrastructure Partners	6	

(1) Estimated AUM for only infrastructure and real asset investments (2) AUM for infrastructure of the combined entities

Source: ExSUF elaboration on Financial Times and investors' websites. 1,08096 (average 2023 exchange rate euro/US dollar by the Bank of Italy) used as conversion rate






212 GPs hold at least one infrastructure investment in Europe at the end of 2023

Number of GPs per headquarter and median AUM per GP (€; bln)



Italian GPs show lower median AUM compared to their peers in other European countries

Growing number of GPs with at least one investment abroad with respect to their headquarter country...

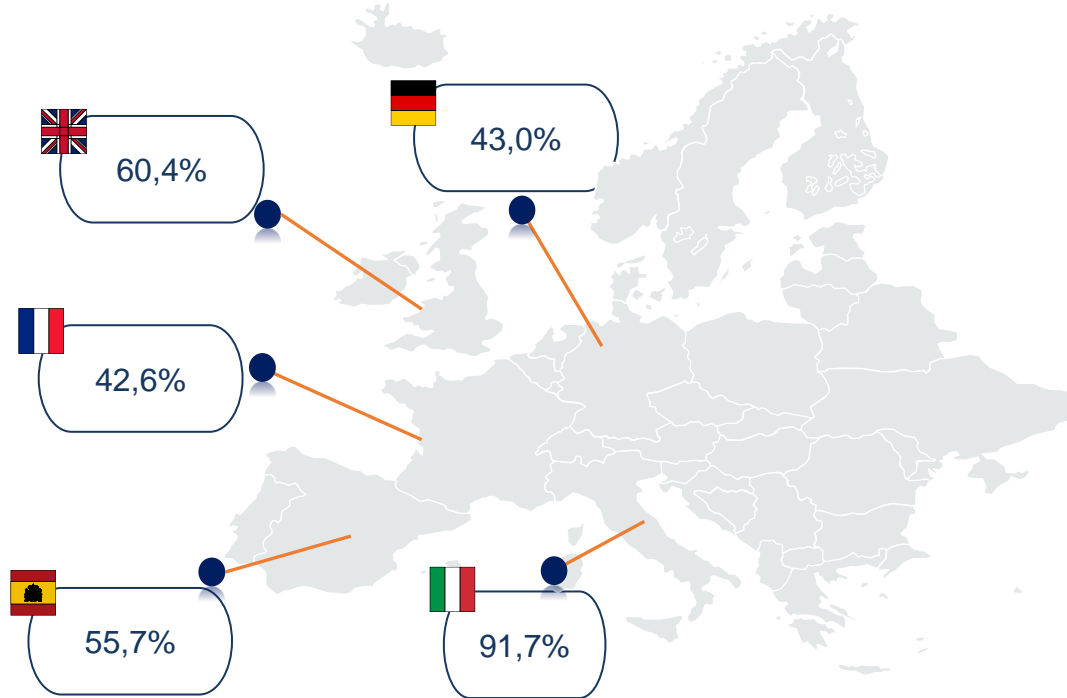
Headquarter	Number of GPs		With only local investments		With Pan-European investments
	18	=	11 (61,1%)	+	7 (38,9%)
	28	=	12 (42,9%)	+	16 (57,1%)
	14	=	1 (7,1%)	+	13 (92,9%)
	24	=	7 (29,1%)	+	17 (70,9%)
	81	=	30 (37,0%)	+	51 (63,0%)
International	47	=	4 (9,0%)	+	43 (91,0%)
Total	212	=	65 (30,6%)	+	147 (69,4%)

In 2022 189 GPs were identified






(65,1%) in 2022

...however, overall Italian GPs invest almost entirely within the domestic border, with foreign investments being residual

Examining the portfolio of the GPs based in the five major European markets, it appears that Italian players are less internationalized in their investment strategies, as 90% of the assets in their portfolio are domestic, whereas foreign GPs hold on average almost 50% of their assets abroad



The market is almost perfectly divided between specialized investors and those performing a multi-asset strategy

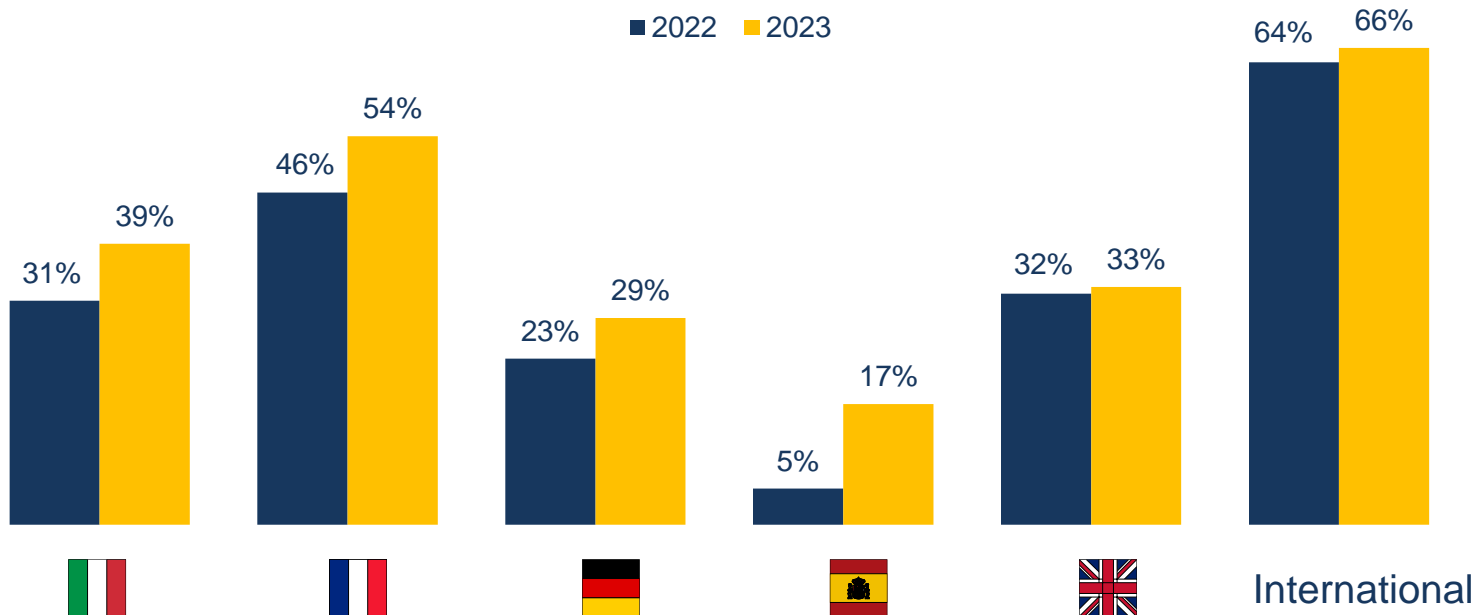
Headquarter	Number of GPs		Of which multi-asset*		Of which specialist in infra
	18	=	8 (44,4%)	+	10 (55,6%)
	28	=	21 (75,0%)	+	7 (25,0%)
	14	=	7 (50,0%)	+	7 (50,0%)
	24	=	13 (54,2%)	+	11 (45,8%)
	81	=	41 (50,6%)	+	40 (49,4%)
International	47	=	21 (44,7%)	+	26 (55,3%)
Total	212	=	111 (52,4%)	+	101 (47,6%)

(*) GPs managing also funds dedicated to Private Equity, Private Credit and/or Venture Capital investments

Source: ExSUF elaboration on proprietary data

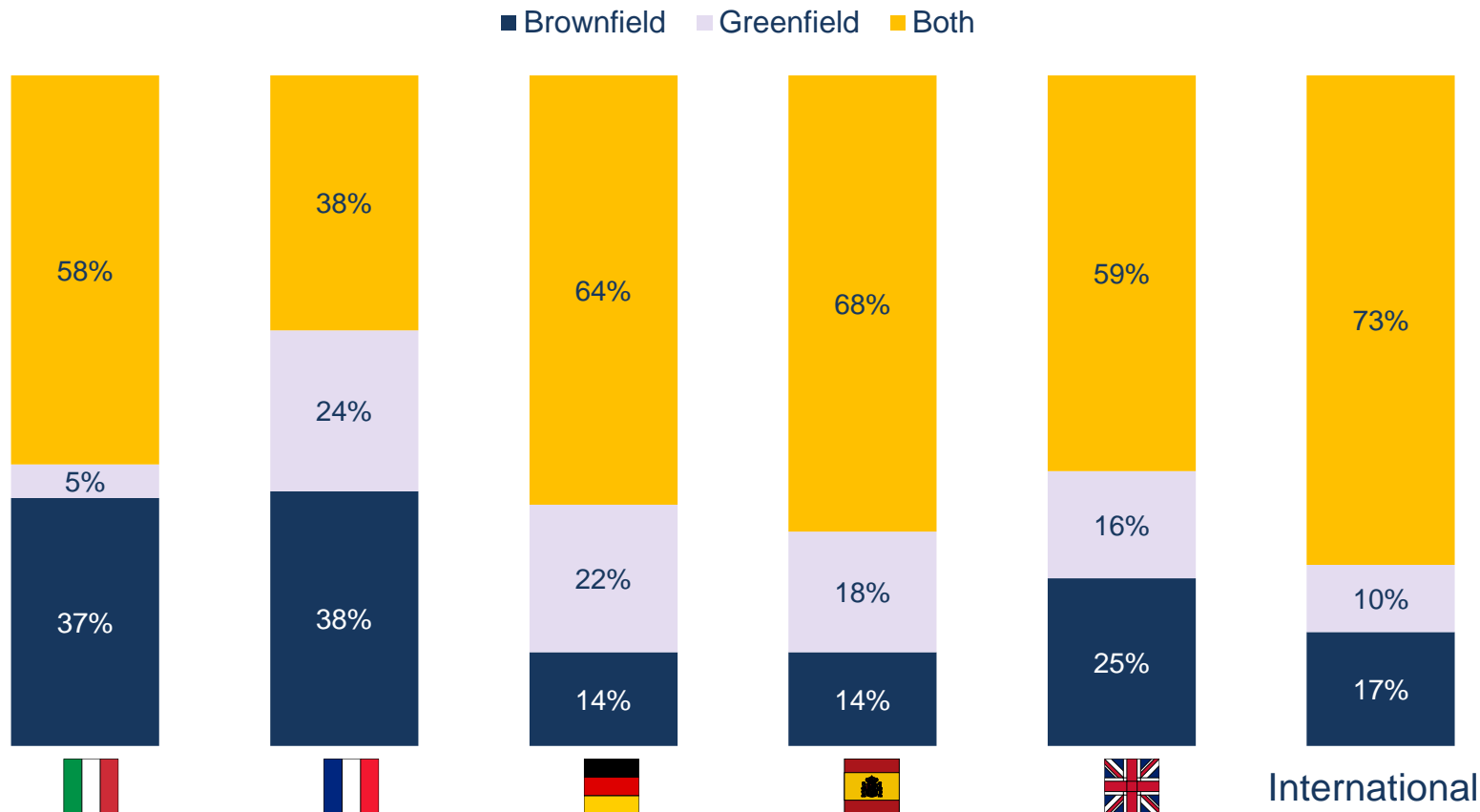
The propensity to invest in PPP (Public-Private Partnership) projects is increasing

GPs including PPP projects in their investment strategy (%)

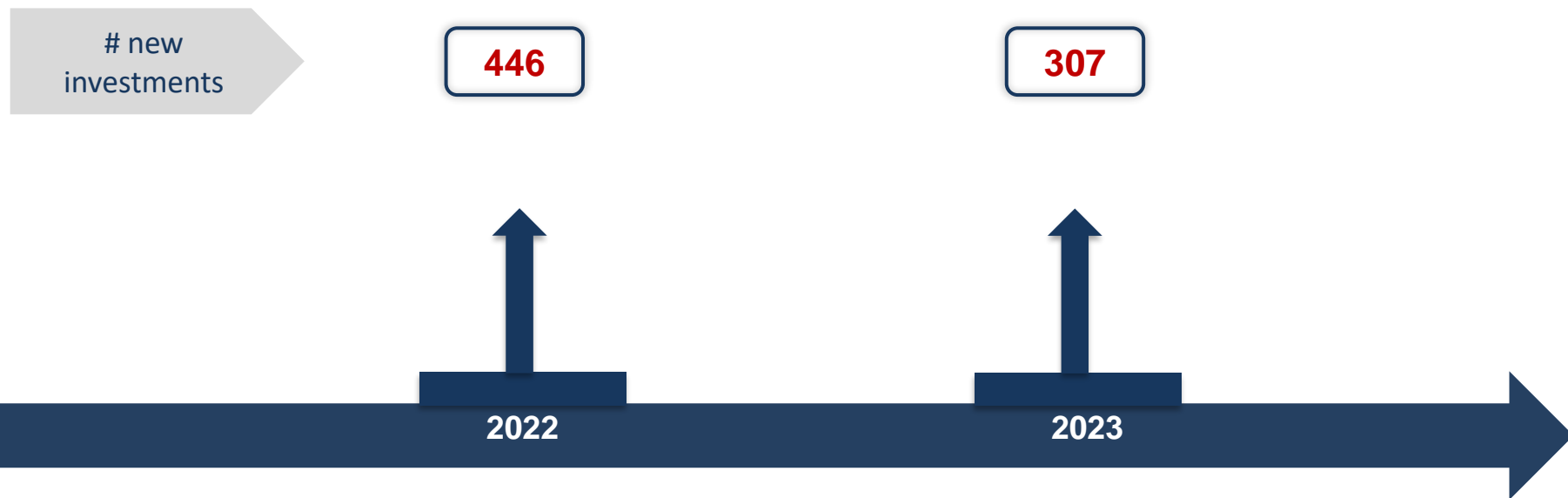


The demand for funding by public entities to finance initiatives such as decarbonization, digital infrastructure expansion, the re-shoring of supply chains creates openings for private investors who are increasingly including in their investment strategy PPP projects

GPs are willing to deploy funds in greenfield investments, looking for higher returns



Higher interest rates impacted on infrastructure asset values and deal activity, with 307 new investments in 2023 (-30%)



Selected transactions in 2023

TARGET	SECTOR	ACQUIRER	DIVESTOR	SIZE (€; bln)
 	Renewable Energy	 KKR Financial Holdings LLC		1,8
 	Renewable Energy		3i Infrastructure plc 	1,7
 	Transport			1,7
  (UK gas transmission and metering business)	Conventional Energy			0,9
 	Renewable Energy		N/D	0,6

The total portfolio of infrastructure GPs rose to more than 3.800 assets in 2023, compared to less than 3.700 in 2022

investments in portfolio of all 212 GPs as of December 2023

3.869

investments per
GP headquarter

266

563

335

194

1.852

659

GP per
headquarter

18

28

14

24

81

47

avg. investments
per GP

15

20

24

8

23

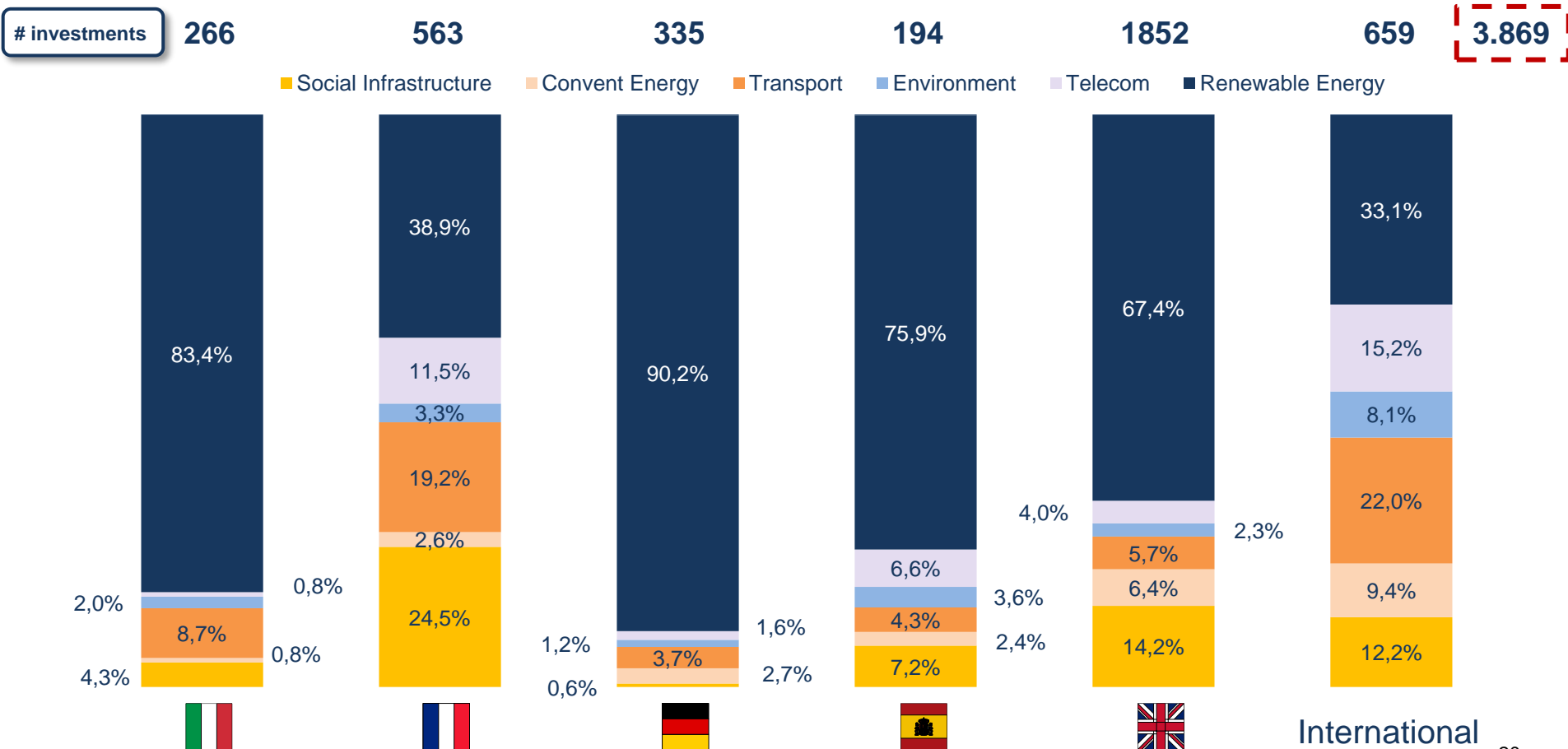
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International

Investments in **renewable energy** always lead the field.

More diversification for International and French GPs



GPs make almost half of their investments inside of their headquarters country, besides international players

	Assets in portfolio (#)	Headquarter country (%)	Europe (%)	Worldwide (%)
	266	91,7	7,5	0,8
	563	42,6	37,3	20,1
	335	43,0	40,3	16,7
	194	55,7	20,8	23,4
	1852	60,4	21,2	18,5
International	659	41,1	18,2	40,7